

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2005-261-G - ORDER NO. 2005-693  
DECEMBER 13, 2005

IN RE: Application of South Carolina Pipeline Corporation for an Order Extending its Authority to Make Sales of Approved Emergency Gas (Supply Related) Until March 31, 2006.	) ORDER GRANTING ) PETITION FOR ) EXTENSION OF ) EMERGENCY ORDER )
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This matter comes before the Commission pursuant to South Carolina Pipeline Corporation's ("SCPC's") Application for an extension of Commission Order No. 2005-573, dated October 12, 2005, which authorized SCPC to make sales of Approved Supply-Related Emergency Gas. This Order extended the terms of a Commission Order issued earlier.

Order No. 2005-483(A) was issued on September 9, 2005, following a September 1, 2005, hearing conducted jointly with the application of SCE&G, which was filed simultaneously seeking similar relief. At that hearing, Sam Dozier, Vice President for SCPC, testified concerning the disruptions of the natural gas supply caused by Hurricane Katrina. While gas commodity supplies and transportation were available to serve curtailed customers, such supplies were available only at significantly elevated prices. Mr. Dozier noted that SCPC had adequate firm supply to meet all anticipated firm demands, and the concerns about gas supply related only to service to interruptible customers.

In Order No. 2005-483(A), the Commission approved SCPC's request to offer Supply-Related Emergency Gas to curtailed interruptible customers priced at the actual delivered daily price of the specific source of supply used to serve the Customer, plus the applicable Commission-approved margin for the curtailment category and other applicable costs and charges. The Order specifically required that gas supplies purchased to provide Supply-Related Emergency Gas service to interruptible customers not be considered in computing SCPC's weighted average cost of gas or in administering any aspects of SCPC's Purchased Gas Adjustment process or orders. By its terms, Order No. 2005-483(A) expired on September 30, 2005.

On October 12, 2005, the Commission issued Order No. 2005-573 extending the authorization contained in Order No. 2005-483(A) to November 30, 2005, and further defining certain aspects of the administration and sales made under it.

SCPC notes that, since September 1, 2005, a significant number of SCPC's interruptible customers have made use of Supply-Related Emergency Gas allowing these customers to continue operating their factories and businesses in spite of gas supply disruptions and disruptions in the supply of alternative fuels such as propane and fuel oil. SCPC states that it has firm supply resources sufficient to meet all anticipated firm requirements and SCPC foresees no difficulty in meeting firm customers' needs during the upcoming winter heating season.

In response to the continued uncertainty in natural gas markets and the possibility of further supply related curtailments of interruptible customers, SCPC respectfully requests that the Commission extend SCPC's authority to offer Supply-Related

Emergency Gas to curtailed interruptible customers until the end of the 2005-2006 winter heating season, specifically until March 31, 2006. As permitted in prior orders, SCPC would be authorized in its discretion to make Supply-Related Emergency Gas available to curtailed interruptible customers on a daily basis priced at:

- a. The actual delivered daily price of the specific source of supply used to serve the Customer; plus
- b. The Commission-approved maximum contract margin for service to customers falling in the applicable curtailment category; plus
- c. All other costs and charges related to the specific gas supply used to serve the Customer.

SCPC states that it will not consider sales volumes and supply costs related to Approved Supply-Related Emergency Gas in computing SCPC's weighted average cost of gas, or in administering any aspects of SCPC's Purchased Gas Adjustment process or orders.

Further, as permitted in Order No. 2005-573, SCPC will confirm Supply-Related Emergency Gas sales with its customers electronically. The Application discusses the terms concerning balancing.

In some cases, according to SCPC, when supply related curtailments have been imposed, Customers have requested authorization to transport gas under their existing Interruptible Transportation Contracts with SCPC. In those cases, Customers would obtain their own gas supplies to transport. By Order No. 2005-573, the Commission allowed SCPC to waive curtailment of interruptible transportation service on a day-to-

day basis where curtailments are supply related and where SCPC determined that capacity existed to provide the requested interruptible transportation service. The effect of this authorization has been to allow Customers to use interruptible transportation on a daily basis in lieu of Supply-Related Emergency Gas. SCPC requests extension of this aspect of Order No. 2005-573 until March 31, 2006.

Based upon the evidence and SCPC's Petition, the Commission finds that:

1. SCPC's current practices and policies related to confirming sales of Authorized Emergency Gas (Supply-Related) and to balancing and penalties are just and reasonable; and
- 2.. Granting SCPC's Petition and extending Order No. 2005-573 is in the best interests of its system and its customers, and, given the high prices of gas supplies, the most economically sensible course of action.

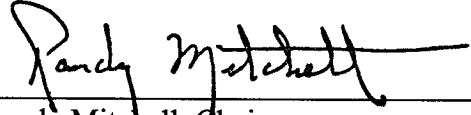
NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. The Petition of South Carolina Pipeline Corporation for an Extension of this Commission's October 12, 2005 Order, Order No. 2005-573 is approved;
2. So long as gas supplies and transportation services are available, and in its discretion, SCPC may offer customers Emergency Gas (Supply Related) on an interruptible basis to allow certain customers who would otherwise be curtailed to continue normal operations;
3. Emergency Gas (Supply Related) will be priced at:
  - a. The actual delivered daily price of the specific source of supply allocated by SCPC to serve the Customer, plus


- b. The Commission approved maximum contract margin for service to customers falling in the applicable curtailment category, plus
  - c. All other costs and charges related to the specific gas supply used to serve the customer.
- 4. Sales volumes and supply costs related to the Approved Emergency Gas (Supply Related) shall not be considered in computing SCPC's weighted average cost of gas or in administering any aspects of SCPC's Purchased Gas Adjustment process or orders.
- 5. SCPC may continue to use its present practices related to confirming transactions and administering the sales of Approved Emergency Gas (Supply-Related).
- 6. SCPC may waive curtailment of interruptible transportation service on a day-to-day basis where curtailments are supply-related and where SCPC determines that capacity exists to provide the requested interruptible transportation service.
- 7. This Emergency Order, as extended, shall remain in effect through March 31, 2006.
- 8. This Emergency Order is effective *nunc pro tunc* as of December 1, 2005.

9. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
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Randy Mitchell, Chairman

ATTEST:

  
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G. O'Neal Hamilton, Vice Chairman

(SEAL)